(c) if so, the reasons for granting extension to the MD and whether Government would consider revoking their order of extension, and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRIANANT GANGARAM GEETE): (a) to (c) Co-operation is a State subject and matters relating to the appointment of Chief Executive Officers and other staff etc. of Co-operative Banks, which are registered under the respective State Co-operative Societies Act, come under the domain of Registrar of Co-operative Societies of the respective States. Accordingly, appointment and giving extension in service to the present Managing Director of the Kangra Co-operative Bank Ltd., Delhi after his superannuation is governed by the bye-laws of that bank. However, as per the Bye-laws adopted by the Kangra Co-operative Bank Ltd., Chief Executive Officer (CEO) is the employee of the bank and his appointment is the prerogative of the Board and permission of the Registrar of Cooperative Societies is not required to be taken in this regard. Reserve Bank of India (RBI) has reported that in the case of Kangra Co-operative Bank Ltd., Delhi, the CEO with the designation of Managing Director (MD) was appointed for a period of five years with effect from March 1,1996 by the Board of Directors. On completion of his five years term, the Board granted further extension of another term of five years from March 1,2001 to February 28, 2006. Hence, the appointment of the MD was as per the bye-laws of the bank and the Delhi State Co-operative Society Rules, 1973.

Non-recognition of Prathama examination by SBI

2133. SHRIMATIVANGAGEETHA:
SHRI YADLAPATIVENKAT RAO:
SHRI RAVULA CHANDRA SEKAR REDD^:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Associate Banks of SBI do not recognise "Prathama" examination being conducted by Hindi Sahitya Sammelan Allahabad (UP) as equivalent to matriculation for the purpose of employment as notified by the Ministry of Human Resource Development *vide* notification-(63)-No-F-24-4/2001-TS-lll dated 26th July, 2001 ;

(b) if so, the reasons therefor; and

(c) the action proposed to be taken against erring bank officials for not implementing Government's instructions in this matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE ANDCOMPANY AFFAIRS(SHRI ANANT GANGARAM GEETE): (a) to (c) The information is being collected and will be placed on the Table of the House as and when it becomes available.

Broker-cooperative bank nexus

2134. SHRI GHULAM NABI AZAD: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Reserve Bank of India's report shows broker-Co-operative Bank nexus detected in December, 2001;

(b) if so, whether the RBI in its report pointed out that securities so far clearly indicate fraudulent transactions and serious irregularities in violation of RBI guidelines; and

(c) if so, what steps Government propose to take to remove the broker-Co-operative bank nexus?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMFANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) Reserve Bank of India (RBI) has reported that while reviewing the transactions in Government securities undertaken through Constituent Subsidiary General Ledger (CSGL) accounts maintained with commercial banks, it was noticed that large volume of transactions in Government securities had been undertaken through these CSGL accounts between broker entities and banks in the cooperative sector which suggests a nexus between them. The scrutiny conducted by RBI indicated that these transactions in Government securities by banks were fraudulent in nature and were in violation of RBI guidelines/instructions.

(c) With a view to eliminate the nexus between the brokers and the banks, RBI has taken vaious steps. Some of these are:

- Issue of instructions indicating that transactions in Government securities should not be undertaken with brokers as counter parties;
- All purchase/sale transactions in Government securities by banks should necessarily be through SGL account with RBI